

New Jersey Bankers Association
May 16, 2006
Concentrations in Commercial Real Estate Lending
Docket No. OP-1248

On May 16, 2006, representatives of the New Jersey Bankers Association met with Governor Olson to discuss, among other things, proposed guidance on sound risk management practices for concentrations in commercial real estate lending. The bankers noted that a large portion of the market is not regulated by the federal banking agencies, citing the activity of conduits, hedge funds and insurance companies. The bankers noted that if the market stalls, these nonbank institutions will sell their investments, which could adversely affect the entire market.